

April 17, 2018

Via Electronic Submission

Ms. Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, DC 20551

Re: Policy Impact Survey; FR 3075; OMB control number: 7100-0362.

Dear Ms. Misback:

The American Bankers Association,¹ appreciates the opportunity to comment on the Federal Reserve's proposal to extend for three years the Policy Impact Survey FR 3075. The Policy Impact Survey collects information from a small sample of banking organizations. The data are used to calibrate international standards and assess the impact of certain policy changes on U.S. institutions. Participation in the Survey is voluntary and done on a best efforts basis.

A primary purpose of the Policy Impact Survey is to serve as a mechanism to gather data for Quantitative Impact Studies (QIS), done in conjunction with the Basel Committee on Banking Supervision (BCBS) or the Financial Stability Board (FSB). Since the early 2000s, the Federal Reserve, together with the FDIC and OCC, has conducted a number of QIS in order to gain a better understanding of the potential effects of various changes to international standards. Most recently, the QIS has been a tool to help the BCBS calibrate the Basel III capital and liquidity standards and monitor the impact of their implementation.²

As a general matter, ABA appreciates the QIS and acknowledges its importance to the calibration of international standards. To enhance the utility of the Survey and related QIS, we have some recommendations about the timing of the data submissions, the transparency of the exercise, and the Federal Reserve's recognition of the data's limitations for purposes of U.S. rulemakings.

¹ *The American Bankers Association is the voice of the nation's \$17 trillion banking industry, which is composed of small, regional, and large banks that together employ more than 2 million people, safeguard \$13 trillion in deposits and extend more than \$9 trillion in loans.*

² https://www.bis.org/bcbs/qis/biiiimplmoninstr_feb18.pdf

Maximize Available Resources

As the Federal Reserve is aware, the banking organizations that provide data for the QIS are subject to numerous annual, semi-annual, and quarterly financial and regulatory reporting requirements, including the Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act Stress Tests (DFAST). In fact, the submission deadline of April 6, 2018, for CCAR 2018 coincided with the submission deadline of the 4Q2017 QIS data collection. All of these reports require significant and overlapping resources. For example, at many institutions the same people are primarily responsible for the simultaneous preparation of the plethora of financial and regulatory reports banking institutions are required to file. U.S. banks must therefore weigh the QIS, a voluntary data collection, with a host of non-discretionary reporting deadlines. ABA recognizes the importance of the QIS in the calibration of regulatory standards, which is why member banks have consistently continued to participate despite competing priorities. However, we are concerned that banks may not be able to spend the requisite time and effort on the QIS in the face of other non-discretionary requirements.

In order to ensure the best quality QIS data, ABA encourages the Federal Reserve to work with the Basel Committee to move the QIS submissions to the quarters during which the stress testing process is not utilizing the resources of banking organizations, thereby avoiding overlap with other reporting and data gathering obligations. Waiting until the second quarter for the year-end assessment, for example, would ensure both that the Federal Reserve is receiving the best data and not imposing unnecessary burden on those firms electing to participate in the collection.

Further, the Federal Reserve should leverage other reporting forms and, to the extent possible, minimize the inconsistency of definitions in the Survey relative to established market and regulatory definitions.

We also encourage the Federal Reserve to make the process more transparent by releasing for notice and comment any Policy Impact Survey that gathers data for the purpose of calibration of international standards, since there are direct regulatory consequences from these erstwhile voluntary efforts. With respect to the most recent BCBS driven QIS, we acknowledge that the Federal Reserve provided a draft QIS template ahead of the formal request to allow banks to start preparing for the data collection, which was helpful and appropriate. However, a formal notice and comment period will better inform respondents regarding the objectives of the Survey, which will enhance the utility of the data collected and ensure that banks are properly prepared to complete the submission.

Limitations of the Data Set and Transparency

We urge the Federal Reserve to recognize the limitations of the data collected by the Survey when applying industry wide standards in the U.S. While the Basel QIS process is informative, it is limited to a few banking organizations and does not take into account specific U.S. laws that might alter how a standard is implemented. For example, the BCBS conducted QIS in connection with Basel III to assess the potential impact of the proposed standards on the largest institutions, yet there was no empirical study of the impact of the proposals on all segments of the U.S.

banking sector, customers, and the broader U.S. economy. This led to unintended consequences in the implementation of the Basel III framework in the U.S.³

Thank you for considering our comments. If you have any questions, please contact Alison Touhey at (202) 663-5182 or atouhey@aba.com.

Sincerely,

A handwritten signature in dark ink, appearing to read "Alison T.", with a long horizontal stroke extending to the right.

Alison Touhey
Vice President & Senior Regulatory Advisor

³ See ABA white papers on [Liquidity](#), [Capital](#) and [International Standard Setting](#).

www.aba.com/Advocacy/LetterstoCongress/Documents/LiquidityReport-ABA-March2017.pdf
<https://www.aba.com/Advocacy/Issues/Documents/ABA-White-Paper-Regulatory-Capital-Standards.pdf>
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